



April 17, 2004

The Honorable David Camp  
Chairman  
Committee on Ways and Means  
U.S. House of Representative  
Washington, D.C. 20515

The Honorable Sandy Levin  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman and Representative Levin:

On behalf of the 1,400 members of Outdoor Industry Association, I am pleased to submit a statement for the record for the April 3, 2014 Committee on Ways and Means hearing on President Obama's Trade Agenda with United States Trade Representative Michael Froman.

The outdoor industry is recognized as a critical sector of our nation's economy, generating \$646 billion annually in U.S. consumer spending and directly supporting 6.1 million American jobs. Our members produces some of the most innovative products reaching all corners of the globe and enriching people's lives by supporting healthy and active lifestyles.

OIA's Trade Program represents the diversity of our membership, including outdoor companies whose products are conceived, designed, and produced in America and those companies that utilize global value chains to bring their products to retail markets. From some of the largest companies in the world, to small, family-owned businesses, we work to ensure that U.S. federal trade policy fosters and promotes a stable and predictable environment for all outdoor industry businesses, while seeking to lower costs for outdoor businesses and their customers.

International trade benefits U.S. importers and domestic manufactures alike, creates new jobs, lower consumer prices and open new markets to U.S. exports. For its part, OIA pursues a "balanced trade policy" meaning that we only seek tariff eliminations on outdoor products that have no commercially viable domestic production, while for those products that are made in America, we promote federal policies that support U.S. manufacturers and help them transition to competition in a global economy.

As such, the Trans-Pacific Partnership negotiations present a tremendous opportunity for the outdoor industry. Outdoor products sourced from abroad are among the most highly taxed when entering the United States despite the fact that they face no domestic competition: the average bound tariff rate on imported goods is less than 3 percent, but duties on outdoor products average 14 percent or higher, with some as high as 40 percent.

The duty savings from eliminating these disproportionately high tariffs on outdoor apparel and footwear produced in the TPP region will help lower costs for consumers, fuel innovation, and create jobs in across the U.S.

Like the administration, OIA must balance the interests of importers and retailers who source apparel and footwear from abroad and domestic manufacturers. Our proposal on outdoor apparel and footwear in the TPP will help the administration bridge the gap among this diverse group of stakeholders and conclude a commercially meaningful, 21<sup>st</sup> century trade agreement.

We understand the administration is committed to a “yarn forward” rule of origin at the core of its proposal on textiles and apparel and we have appreciated the opportunity to work with the administration to be on the Short Supply List of textiles and fabrics. Nevertheless, in order for our members to fully benefit from a final TPP agreement, additional flexibilities and limited exceptions to yarn forward are critical.

Outdoor apparel products are highly innovative, incorporating multiple complex, highly technical fabrics. In fact, the outdoor industry is on the cutting edge of developing new fabrics not yet on the market. A “cut and sew” rule of origin on outdoor apparel will accommodate the innovation of the outdoor industry by allowing for fabrics not found in the TPP region and has been used in previous trade agreements to show flexibility on apparel. And it will be non-controversial – domestic textile producers have not opposed tariff elimination of the imports of the eligible outdoor apparel because there is no commercially meaningful domestic production of these products.

At the same time, OIA has identified products that should receive a yarn-forward rule, and for which there is ample production in the United States.

Like outdoor apparel, outdoor footwear is innovative and complex. Yet, these products often fall within the same tariff codes as import sensitive footwear. OIA has identified certain products that are not import sensitive to domestic manufacturers and should receive a tariff-shift rule of origin and immediate duty phase-outs. Congress has enacted most of these breakouts in the past through the miscellaneous tariff bills (MTBs) process after a thorough vetting by the administration. Failure to differentiate these products would be a tremendous lost opportunity, and in fact harmful to the outdoor footwear industry, U.S. consumers and the U.S. economy more broadly.

For those footwear products on the import sensitive list, OIA proposes a strict rule of origin (NAFTA rule) and maximum duty phase-outs.

In addition, any TPP agreement should also include tough, enforceable provisions on the environment and labor. Outdoor recreation companies are at the forefront of developing sustainable supply chains that protect the environment and ensure fair labor practices. The TPP represents a significant opportunity to advance those standards throughout the Asia-Pacific region. The final TPP agreement must:

- require all parties to adopt and maintain internationally recognized core labor standards and the provisions of multilateral environmental agreements (MEAs), and;

- these provisions should be subject to the same dispute settlement procedures as other enforceable obligations.

In order to conclude the TPP negotiations and other trade agreements, OIA understands that the administration must have Trade Promotion Authority (TPA) or “fast-track authority.

OIA supports the principle of TPA because it puts the administration in the best position to secure trade agreements that could have substantial benefits for the outdoor industry by eliminating tariffs and non-tariff barriers and expanding access to global markets. Our trading partners are unlikely to make their best offer if they think Congress will alter the final agreement.

We understand, however, that the Bi-Partisan Congressional Trade Priorities Act of 2014 will likely to be amended to include stronger consultation provisions and tougher negotiating objectives on labor and the environment.

As leaders in the field of sustainable business practices and social responsibility, OIA supports such amendments as they could give the administration sufficient leverage to secure enforceable labor and environmental provisions in our trade agreements and ensure our trading partners match international standards.

OIA greatly appreciates the opportunity to submit a statement for this hearing and we look forward to working with Congress and the administration to support passage of TPA and TPP that will allow outdoor companies to lower costs for consumers, get more people outdoors, fuel innovation, and create more U.S. jobs.

Sincerely,

A handwritten signature in black ink, reading "Richard W. Harper, Jr.", enclosed within a rectangular box.

Richard W. Harper, Jr.  
Policy Advisor  
Outdoor Industry Association (OIA)